

FORM 2220ME 2000 UNDERPAYMENT OF ESTIMATED TAX

MAINE REVENUE SERVICES INCOME/ESTATE TAX DIVISION P.O. BOX 1062 AUGUSTA, ME 04332-1062

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This form can be used for the computation of penalty for underpayment of estimated tax for the Maine Corporate Income Tax, Maine Franchise Tax, and Maine Fiduciary Tax. Enclose with the appropriate Maine return.

For calendar year 2000, or fiscal year beginning	, 2000 a	nd ending	, 2	, 200		
NAME			FEDERAL IDENTI	DENTIFICATION NUMBER		
NUMBER AND STREET						
CITY OR TOWN, STATE AND ZIP CODE						
Part I - Calculating Your Underpayment						
2000 tax, check the applicable box:						
Line 7c, Form 1120ME minus allowable business credits; Line 3c, Form 1120B-ME; minus allowable business credits Line 6, Form 1041ME						
3. 1999 tax (if 1999 is short-year, enter amount from line 2) (if this line or line 1	is less than \$1,000, o	lo not complete rest of	f form)3			
4. Enter the smaller of line 2 or line 3			4			
PAYMENT DUE DATES Enter in Columns A through D the installment dates that correspond to the 15th day of the 4th, 6th, 9th and 12th(13th for estates and trusts) months of the taxable year.	Α	В	С	D		
5. Enter 25% of line 4 in Columns A through D, unless (a) or (b) below applies: a. Actual liability: Check here and on line 9b, page 2, Form 1120ME. Enter amount from line 18 of the worksheet on page 27. b. If the corporation is a "large" corporation under IRC § 6655(g)(2)(A), enter the required estimated tax amount by statute and check this box						
6. a. Estimated tax paid and carryover of prior year overpayment 6a						
b. Overpayment on line 8b of the prior period6b						
7. Line 6a plus line 6b						
8. a. Underpayment (line 5 minus line 7) or						
b. Overpayment (line 7 minus line 5) 8b Part II - Calculating the Penalty						
9. Enter the date of payment of the underpayment on line 8a or the due date of the return, whichever is earlier						
10. Number of months or fraction thereof from due date of installment to the date shown on line 9						
11. Enter the rate from the table on reverse						
12. Underpayment penalty. Underpayment on line 8a multiplied by rate on line 11						
13. Total of amounts shown on line 12. Enter result here and on Form 1120ME	, line 9b		13			

INSTRUCTIONS FOR FORM 2220ME

PURPOSE OF FORM: Form 2220ME will enable corporations, estates, trusts and financial institutions to determine if they paid the correct amount of estimated tax by the proper due date. If the minimum amount was not paid timely, an underpayment penalty is imposed for the period of underpayment. This form helps you to determine whether or not you are subject to this penalty.

WHO MUST PAY THE UNDERPAYMENT PENALTY: If you did not pay enough estimated tax by any due date for paying estimated tax, you may be charged a penalty.

In general, you may owe the penalty if, for 2000, you did not pay the smaller of 90% of your tax liability for 2000 or 100% of the tax liability for 1999 if the 1999 return covered 12 months. Large corporations, as defined by IRC § 6655(g)(2)(A), must also meet the test required by 36 M.R.S.A. § 5228(5)(c).

EXCEPTIONS TO THE PENALTY: You will not have to pay the penalty or file this form if either of the following two situations applies:

- 1. Your tax liability for 2000, reduced by allowable credits, is less than \$1,000.
- 2. Your 1999 tax liability was less than \$1,000.

The penalty may be avoided if at least 90% of the 2000 tax was paid when due, even though you may be required to file this form.

ACTUAL LIABILITY FOR EACH QUARTER: Taxpayers are required to make four equal installments of estimated tax unless the actual liability can be established, by adequate record, for each required installment payment of estimated tax.

COMPUTATION OF UNDERPAYMENT PENALTY: If no exception applies for an installment date, complete lines 9 through 13 to determine the amount of the penalty. The penalty is based on the amount of the underpayment of the required installment for the period of underpayment. It is computed at the stated rate for each month or fraction thereof in the period of underpayment. For calendar years 2000 and 2001, the penalty rate is .75% per month or fraction thereof, compounded monthly. The effective rate for the number of months shown on line 10 is listed below.

Number of Months shown on line 10	1	2	3	4	5	6	7	8	9	10	11	12
Enter this Rate on line 11, Column A	.007500	.015056	.022669	.030339	.038067	.045852	.053696	.061599	.069561	.077583	.085664	.093807
Enter this Rate on line 11, Column B	.007500	.015056	.022669	.030339	.038067	.045852	.053696	.061599	.069561	.077583		
Enter this Rate on line 11, Column C	.007500	.015056	.022669	.030339	.038067	.045852	.053696					
Enter this Rate on line 11, Column D	.007500	.015056	.022669									

Annualized Income Installment Worksheet for Underpayment of Estimated Tax

(see instructions on reverse)

			A	В	С	D
1.	Annualization periods (see instructions).	1	First months	First months	First months	First months
2.	Enter taxable income for each annualization period.	2				
3.	Annualization amounts (see instructions).	3				
4.	Annualized taxable income. Multiply line 2 by line 3.	4				
5.	Calculate the tax on the amount in each column on line 4 using the tax table on page 6.	5				
6.	Enter alternative minimum tax for each payment period (see instructions).	6				
7.	Total tax. Add lines 5 and 6.	7				
8.	For each period, enter the same type of credits as allowed on Form 2220ME, line 1 (see instructions).	8				
9.	Total tax after credits. Subtract line 8 from line 7. If zero or less, enter 0.	9				
10.	Applicable percentage.	10	25%	50%	75%	100%
11.	Multiply line 9 by line 10.	11				
12.	Add the amounts in all preceding columns of line 18 (see instructions).	12				
13.	Annualized income installments. Subtract line 12 from line 11. If zero or less, enter 0.	13				
14.	Enter 25% of line 4 of Form 2220ME in each column. (Note: "Large corporations" see instructions.)	14				
15.	Enter the amount from line 17 of the preceding column.	15				
16.	Add lines 14 and 15.	16				
17.	If line 16 is more than line 13, subtract line 13 from line 16; otherwise, enter 0.	17		_		
18.	Required installments. Enter the smaller of line 13 or line 16 here and on Form 2220ME, line 5.	18				

ANNUALIZED INSTALLMENT WORKSHEET

If your income varied during the year because, for example, you own a seasonal business or the majority of your income was received at once, you may be able to lower or eliminate the amount of your quarterly estimated tax payments by using the annualized income installment method. Use the Annualized Income Installment Worksheet to calculate the required 2000 installment for each payment due date.

SPECIFIC INSTRUCTIONS

NOTE: You must complete lines 1-18 of each column before going on to the next column.

(First complete Form 2220ME, lines 1 through 4)

Line 1 - Annualized periods: Enter on line 1, Columns A through D, respectively, the annualization periods from line 1 of your federal Annualized Income Installment Method worksheet.

Line 3 - Annualization amounts: Enter on line 3, Columns A through D, respectively, the annualization amounts from line 3 of your <u>federal</u> Annualized Income Installment Method worksheet.

Line 6 - Alternative minimum tax: For the amount in each column, compute the annualized alternative minimum tax on Schedule B of Form 1120ME. Enter on lines 19, 20 and 21 of Schedule B the annualized amounts calculated for federal purposes for each annualized period.

Line 8. Enter the credits the corporation is entitled to for the months shown in each column on line 1.

Line 12. Complete lines 13 through 18 in each of the preceding columns before completing line 12.

Line 14 - Large corporations: The taxpayer is a large corporation as defined by IRC § 6655(g)(2)(A). Such large corporations may elect to determine the first required installment for any taxable year based on the preceding year's state income tax liability, if that preceding year was a taxable year of 12 months. However, if the corporation so elects, the second required installment for the taxable year must equal 90% of the corporation's income tax liability for the first half of the current year, less the amount of the first installment for the taxable year as determined under this provision.